

# Can designs and brands co-exist in harmony?

That form follows function is an adage of design theory, but does the opposite hold true: can function follow form? A close examination of case law provides guidance on whether a design ever truly represents a brand

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Community designs are primarily intended to promote “continuous research and development in the field of design and, unlike trademarks, do not have the function to protect the public from any likelihood of confusion”, according to the Austrian Supreme Court’s 2007 decision in *Sprayer*. Trademarks, on the contrary, “are badges of origin, and the purpose of (and therefore the regime for) protecting the owner is different from the purpose for protecting designs, which have nothing to do with demonstrating origin”, according to the UK Court of Appeal one year earlier in *Landor*. Consequently, when applying Article 96 of the Community Design Regulation (CDR), which provides that design protection shall be without prejudice to other forms of protection, “claims resulting from an avoidable deception as to origin are not excluded because the product is or was protected by an unregistered Community design” – in the words of Germany’s Federal Supreme Court in *Jeans I* (2005).

## More conflict than harmony?

While this case law appears to be clear and true, there is still enough potential conflict and much less harmony between designs and marks in daily practice. This is why Article 25(1) *lit e* of the CDR contains a

helpful but not conclusive provision on how to solve potential disputes between prior marks and later designs. (Interestingly, the older, “codified” Community Trademark Regulation (CTMR) provides no specific provision “another earlier right under the Community legislation or national law governing its protection, and in particular... an industrial property right”.) Case law from Europe’s Office for Harmonisation in the Internal Market (OHIM) has offered some guidance in the past (eg, in *Midas* and *Stabilo*), with regard to both two and three-dimensional (3D) prior trademarks. Among the few cases that have been appealed to the Court of First Instance in Luxembourg (now the General Court), one related to the conflict between a prior 3D German trademark and a later registered Community design (*Stabilo*), with both the Invalidity Division and the Board of Appeal confirming the invalidity of the later design because it conflicted with the earlier mark.

Whether this latter view is right or wrong, one thing is clear: where there is a conflict between a mark and a design, any decision as to precedence will be decided under the law of priority. In other words, if the prior right is a mark, trademark law – either EU or national – must be applied. If the prior right is a design right, national or EU design law must be applied, regardless of whether the design is registered.

## Prior trademark versus later design

Against this background, practitioners were relieved with the OHIM Board of Appeal’s May 2007 decision in *Midas*. This case dealt with the conflict between a prior two-dimensional trademark, consisting of the word MIDAS written in a standard type, with no figurative elements and registered

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for diverse white goods (eg, washing machines and freezers), and a later Community design, with respective representations showing a logo design that included the letters “m”, “i”, “d”, “a” and “s”, an additional figurative element above the letter “i” and the subtitle, “Everything we touch is safer”; the logo was the relevant indication of the product, placing it within (since deleted) Class 09 Subclass 00 of the Locarno Classification.

Since a comparatively small number of applications for declaration of invalidity under Article 25(1) *lit e* of the CDR have been made so far, decisions are still rare. The Board of Appeal’s decision in *MIDAS* was thus the first to decide on the relation between designs and trademarks.

Any potential conflict between prior trademark rights and junior Community design rights must be decided on the basis of four issues:

- Whether the design is identical or similar to the prior trademark.
- Whether the use of the sign in the Community design relates to the goods for which the prior trademark is registered or to similar goods.
- Whether, unless the signs and the goods are identical, there is a likelihood of confusion.
- Whether the use of the sign in the Community design is a use in the course of trade.

As regards the first point, in *Midas* the Invalidity Division ruled that the incorporation of the letters “m”, “i”, “d”, “a” and “s” into the Community design constituted a use of a sign identical to the prior trademark *MIDAS*. With regard to the other points, further case law is awaited, particularly from Luxembourg, to clarify these.

#### **Prior design versus later trademarks**

The above considerations provide the perfect reason to consider the opposite relationship – namely, between a prior Community design and a junior (eg, Community) trademark. By virtue of Article 52(2) *lit d* of the CTMR, a Community trademark will be declared invalid on application to OHIM, or on the basis of a counterclaim in an infringement proceeding, where its use may be prohibited pursuant to an industrial property right under the Community legislation or national law governing the protection.

Interestingly, so far there have been no reported cases before OHIM on the conflict between a prior design and a junior Community trademark. This is surprising in light of the fact that potential conflicts between the two rights are growing in number. Not only have there been over 400,000 Community designs registered and published as at the end of 2009, there are also an unclear number of unregistered Community designs (Article 11 of the CDR). Although cost and time-efficient opposition proceedings are not available to resolve disputes between prior Community designs and junior Community trademarks, the potential risk of invalidity proceedings for Community trademark applicants and owners appears significant.

#### **Informed user versus average consumer**

It follows from this that since the infringement test is twofold and may be either a test for a design or a trademark infringement, the addressee of such a test can be either the “informed user” (Article 10[1] of the CDR) or the “average consumer being reasonably well informed and reasonably observant and circumspect” (the Court of Justice of the European Union (ECJ) in *Gut Springenheide* or *Estée Lauder*).

Although the notion of the “average consumer” is not codified in European trademark law (other than the notion of the “informed user” in design law), the ECJ has provided some helpful guidance over the past decade.

Consequently, infringement courts uniformly rely on that jurisprudence when distinguishing between the informed user and the average consumer. In 2008 the Cologne Appeal Court stated in *Lighting Fixture*: “As regards the informed user, one should not refer to the specific experience of a design expert, nor should the imperfect recollection of an average consumer be decisive. Instead, one should don the spectacles of a potential purchaser, knowing the design corpus of the relevant product category and being aware thereof to a certain extent, thus being able to detect differences and similarities that would escape the attention of an ordinary consumer.” As a consequence, it is necessary to compare, by way of a direct one-to-one comparison, the asserted design (as shown in the representations of the registration) and the contested design as such (not only mere representations thereof). In 2006 the Hamburg Appeal Court stated in *Mobile Phone*: “When determining whether an infringing design produces on the informed user an overall impression different from that of the design-in-suit, one must compare the design-in-suit – not the product based on it – with the infringing design. The objects to be compared must also be compared directly one by one and not individually one after the other; what is at issue is not a confusion resulting from an imperfect recollection as in trademark law.”

In fact, in European trademark law (and also under some national unfair competition or passing-off regimes) the public, as a rule, does not perceive the conflicting signs or products simultaneously and does not compare them with each other at the same time. Instead, the public obtains its impression on the basis of an imperfect recollection. In this recollection, said the German Federal Supreme Court in *Handbags* (2007), “the similar features, as a rule, stand out more than the differences, with the result that the differences are less important than the similarities”.

#### **Claiming priority for an earlier trademark or design application**

The relationship between trademarks and designs need not always be conflicting. In fact, the owner of a prior 3D trademark may wish to claim priority of that right in order

to obtain a design right. Likewise, the owner of a prior Community design may seek to protect the shape of the underlying product also by way of a 3D mark (perpetual, if genuinely used). Thus, can a mark claim priority over a design and vice versa?

Pursuant to Article 41(1) of the CDR, any “application for a design right or for a utility model” being “the first application” can serve as a basis for claiming a right of priority. Some hold, particularly from the wording of Article 41(1), that this provision refers only to prior design and prior utility model applications, and not to prior patent applications or 3D marks. In fact, Article 41(1) does not explicitly refer to Article 4 of the Paris Convention. Article 4A(1) of the convention provides that: “any person who has duly filed an application for a patent, or for the registration of a utility model, or of an industrial design, or of a trademark, in one of the countries of the Union, or his successor in title, shall enjoy, for the purpose of filing in the other countries, a right of priority during the periods hereinafter fixed.” It is therefore arguable that the right of priority under Article 4 of the Paris Convention is broader than that provided for by Article 41(1) of the CDR.

For example, in Germany and Switzerland, the priority of an earlier trademark application may serve as a basis for claiming priority when filing a national design application. This is explained and justified against the background of Article 4A(1) of the Paris Convention, being the yardstick also for national provisions on priority (although not explicitly provided for in the Swiss and German national designs legislation). Regardless of whether this approach is correct, it demonstrates not only that there is conflict between trademarks and designs, but also that, at least collaterally, designs and brands may coincide, namely in terms of providing the basis for a valid priority claim.

#### **Form follows function – does function follow form?**

Trademark functions include guaranteeing origin and quality, as well as communication, investment and advertising, according to the ECJ in *L'Oréal v Bellure* (2009). When looking at the concept of designs and their protection, it is doubtful whether a design *per se* is qualified to fulfil any of these functions. This is even more apparent when considering Article 96 of the CDR. Article 96(2) provides that, in principle, “a design protected by a Community design shall also be eligible for protection under the law of copyright of Member States”. However, this

parallel cannot be found with regard to trademarks. Instead, Article 96(1) provides solely that Community design law “shall be without prejudice to any provisions of Community law or of the law of the Member States concerned relating to...trademarks or other distinctive signs”.

As a result, a design may serve as a brand only when it functions as a badge of origin. While in theory this may be the case more often than might be expected, in practice the shape of a good will seldom be perceived as a sign of origin, according to established ECJ case law (eg, *Henkel* (2004), *Develey* (2007) and *Enercon* (2008)). Hence, few designs operate as an indication of origin, in addition to their unique outer appearance and aesthetic appeal.

The slogan “form follows function”, common in design theory and practice (following *Louis Sullivan* in 1896), may be considered in a more legal light: there is no rule that the function of origin will automatically follow the form of a product. On the contrary, established ECJ case law suggests that the function of origin does not follow the form of a product *per se*, but only in very selected cases: namely, either when the form or shape departs significantly from the norm or custom in the respective branch of industry, or when the shape or form has become distinctive through use (ie, secondary meaning). In such cases the form or shape has then become a brand because it is functioning as a sign of quality and origin. **iam**



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